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The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

NIC #05730-85/1
16 November 1985

MEMORANDUM FOR: Distribution

FROM: Carl W. Ford, Jr.
National Intelligence Officer for East Asia

SUBJECT: East Asia Warning and Forecast Meeting of 13 November 1985

1. Representatives of the Intelligence Community met on 13 November 1985 to consider the attached subjects.

2. Next month's Warning and Forecast Meeting will be held on Wednesday, 18 December 1985 at 1400 hours in Room 7E62, CIA Headquarters. Recommendations for discussion/warning topics should be forwarded to this office by COB 2 December 1985.

3. It is essential that you telephone your attendance intentions to [redacted] and have your clearances verified to us by your security office by COB 16 December 1985. Attendees from outside agencies are advised to arrive early to avoid parking problems created by construction work. Please enter the compound through Gate 1, the Route 123 entrance. 25X1

[redacted] 25X1
for

Carl W. Ford, Jr.

Attachment

13 November 1985 Warning Report

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16 November 1985

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA: National Intelligence Officer for Warning

FROM: Carl W. Ford, Jr.
National Intelligence Officer for East Asia

SUBJECT: 13 November 1985 East Asia Warning and Forecast Meeting

Japan: The Nakasone Visit: What it Means for US-Japan Relations

1. [redacted] OEA, discussed the prospective Nakasone visit to Washington next January. Nakasone's October visit was successful in keeping the lid on trade issues and succeeded in buying time on US trade pressures. However, the prospective strengthening of the dollar and an anticipated trade deficit approaching $50 billion will revive these pressures and Nakasone is anxious to visit the US once more before the Tokyo economic summit next year. 25X1

2. The most likely time for a visit is from 11-12 January. Nakasone is scheduled to meet Canadian Prime Minister Mulroney on January 10, and the Soviet Foreign Minister will be in Tokyo 15-19 January. Nakasone certainly would like to meet with President Reagan before he meets Shevardnadze making sure that Japan's ties with the US are firm prior to the meeting. The timing in January would also be good since a measure easing Japan's trade barriers is likely to have just passed the Diet, as well as the defense bill which increases Japan's expenditures.

3. Nakasone hopes to strengthen his bid for a third term by achieving good domestic publicity during the visit, by heading off more potential trade problems, and by solidifying his stature as best "US handler" among Japan's leaders.

[redacted] 25X1

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Warning Indicators:

[redacted] there is little incentive for Japan to make significant concessions to the United States. However, we may be arriving at a state where there could be a blowup over the trade issue. 25X1

Cambodia: Dry Season Forecast

1. [redacted] OEA, discussed the prospective dry season military situation in Cambodia. Military action of the magnitude of last year's is not anticipated. Vietnamese and Heng Samrin forces show no evidence of a logistics buildup, meetings of officials, or of troop dispositions that would indicate a major campaign. They are likely to maintain pressure against the border camps but without any large offensive. 25X1

[redacted] 25X1

Warning Implications:

Sihanouk continues to put forward the possibility of getting Cambodian groups together for talks. While there are no great chances of this in the immediate future, this prospect is something that should be watched.

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Taiwan

1. [redacted] OEA, discussed political and economic developments in Taiwan. The elections this Saturday is seen as a litmus test of popular satisfaction or dissatisfaction with the ruling Kuomintang (KMT). Several developments have challenged Taiwan's leaders in recent months, particularly: 25X1

-- The issue of corruption and coverups of corruption which have tainted prominent political leaders.

[redacted] 25X1

-- Economic stagnation: this year the prospect is for a 6% decline in GNP and an increase of unemployment to 11%.

-- Serious problems with the US over the unresolved trade surplus.

-- The copyright infringement issue, particularly with respect to software.

2. Following the election, a cabinet shakeup is likely. The KMT will likely win 70% of the vote since the public believes that the KMT is the only viable party which can solve Taiwan's problems. The opposition dongwei elements will only garner about 30% of the vote. Nevertheless, there is some concern about the potential for election violence by the opposition.

3. Only five or six key people see Chiang Ching-kuo on a regular basis, [redacted] There are likely to be some changes in the leadership, but whether CCK will move away from his current hardline advisers or reinstate or moderate "technocratic" leadership remains unclear. Whether or not Taiwan follows a flexible course with respect to pressures from the PRC will to a great extent depend on which of the potential successors is able to consolidate his position. 25X1

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[redacted] 25X1

for

Carl W. Ford, Jr.

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